



General Assembly

January Session, 2015

**Governor's Bill No. 954**

LCO No. 3894



Referred to Committee on PUBLIC HEALTH

Introduced by:

SEN. LOONEY, 11<sup>th</sup> Dist.

SEN. DUFF, 25<sup>th</sup> Dist.

REP. SHARKEY, 88<sup>th</sup> Dist.

REP. ARESIMOWICZ, 30<sup>th</sup> Dist.

***AN ACT CONCERNING TRANSPARENCY OF EXECUTIVE PAY IN  
CERTAIN HOSPITAL TRANSACTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 19a-486a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2015*):

4 (d) The commissioner and the Attorney General shall review the  
5 certificate of need determination letter. The Attorney General shall  
6 determine whether the agreement requires approval pursuant to this  
7 chapter. If such approval is required, the commissioner and the  
8 Attorney General shall transmit to the purchaser and the nonprofit  
9 hospital an application form for approval pursuant to this chapter,  
10 unless the commissioner refuses to accept a filed or submitted  
11 certificate of need determination letter. Such application form shall  
12 require the following information: (1) The name and address of the

13 nonprofit hospital; (2) the name and address of the purchaser; (3) a  
14 description of the terms of the proposed agreement; (4) copies of all  
15 contracts, agreements and memoranda of understanding relating to  
16 the proposed agreement; (5) a fairness evaluation by an independent  
17 person who is an expert in such agreements, that includes an analysis  
18 of each of the criteria set forth in section 19a-486c; (6) documentation  
19 that the nonprofit hospital exercised the due diligence required by  
20 subdivision (2) of subsection (a) of section 19a-486c, including  
21 disclosure of the terms of any other offers to transfer assets or  
22 operations or change control of operations received by the nonprofit  
23 hospital and the reason for rejection of such offers; [and] (7) the names  
24 of persons currently holding a position with the nonprofit hospital or  
25 the purchaser as an officer, director, board member or senior manager,  
26 whether or not such person is expected to hold a position with the  
27 hospital after completion of the proposed transaction and any salary,  
28 severance, stock offering or any financial gain, current or deferred,  
29 such person is expected to receive as a result of, or in relation to, the  
30 proposed transaction; and (8) such other information as the  
31 commissioner or the Attorney General deem necessary to their review  
32 pursuant to the provisions of sections 19a-486 to 19a-486f, inclusive,  
33 and chapter 368z. The application shall be subject to disclosure  
34 pursuant to section 1-210.

35 Sec. 2. Section 19a-644 of the general statutes is repealed and the  
36 following is substituted in lieu thereof (*Effective July 1, 2015*):

37 (a) On or before February twenty-eighth annually, for the fiscal year  
38 ending on September thirtieth of the immediately preceding year, each  
39 short-term acute care general or children's hospital shall report to the  
40 office with respect to its operations in such fiscal year, in such form as  
41 the office may by regulation require. Such report shall include: (1)  
42 Salaries and fringe benefits for the ten highest paid positions; (2) the  
43 name of each joint venture, partnership, subsidiary and corporation  
44 related to the hospital; and (3) the salaries paid to hospital employees  
45 by each such joint venture, partnership, subsidiary and related

46 corporation and by the hospital to the employees of related  
47 corporations.

48 (b) The Department of Public Health shall adopt regulations in  
49 accordance with chapter 54 to provide for the collection of data and  
50 information in addition to the annual report required in subsection (a)  
51 of this section. Such regulations shall provide for the submission of  
52 information about the operations of the following entities: Persons or  
53 parent corporations that own or control the health care facility,  
54 institution or provider; corporations, including limited liability  
55 corporations, in which the health care facility, institution, provider, its  
56 parent, any type of affiliate or any combination thereof, owns more  
57 than an aggregate of fifty per cent of the stock or, in the case of  
58 nonstock corporations, is the sole member; and any partnerships in  
59 which the person, health care facility, institution, provider, its parent  
60 or an affiliate or any combination thereof, or any combination of health  
61 care providers or related persons, owns a greater than fifty per cent  
62 interest. For purposes of this section, "affiliate" means any person that  
63 directly or indirectly through one or more intermediaries, controls or is  
64 controlled by or is under common control with any health care facility,  
65 institution, provider or person that is regulated in any way under this  
66 chapter. A person is deemed controlled by another person if the other  
67 person, or one of that other person's affiliates, officers, agents or  
68 management employees, acts as a general partner or manager of the  
69 person in question.

70 (c) Each nonprofit short-term acute care general or children's  
71 hospital shall include in the annual report required pursuant to  
72 subsection (a) of this section a report of all transfers of assets, transfers  
73 of operations or changes of control involving its clinical or nonclinical  
74 services or functions from such hospital to a person or entity organized  
75 or operated for profit.

76 (d) Each hospital that is a party to a transaction that was approved  
77 under sections 19a-486 to 19a-486h, inclusive, during the fiscal year  
78 ending on September thirtieth of the immediately preceding year, shall

79 include in the annual report required pursuant to subsection (a) of this  
80 section any salary, severance payment, stock offering or other financial  
81 gain realized by each officer, director, board member or senior  
82 manager of the hospital as a result of such transaction.

83 [(d)] (e) The office shall require each hospital licensed by the  
84 Department of Public Health, that is not subject to the provisions of  
85 subsection (a) of this section, to report to said office on its operations in  
86 the preceding fiscal year by filing copies of the hospital's audited  
87 financial statements. Such report shall be due at the office on or before  
88 the close of business on the last business day of the fifth month  
89 following the month in which a hospital's fiscal year ends.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2015	19a-486a(d)
Sec. 2	July 1, 2015	19a-644

**PH**            *Joint Favorable*